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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

CGL-2235

For the Quarter ended March 31, 1992

Commission file number 0-17654

COMMUNITY BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Tennessee	62-1125075
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification)

2175 Germantown Road South, Suite 104
Germantown, TN 38138
(Address of principal executive offices)
Registrant's telephone number, including area code: (901) 755-6067

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock	Outstanding Shares at May 10, 1992
Common Stock, par value $1.00 per share	2,638,121

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Community Bancshares, Inc.
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March 31, 1992

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Community Bancshares, Inc.
Condensed Consolidated Balance Sheets
(000's omitted)

	March 31 1992 (unaudited)	December 31 1991
Assets		
Cash and demand balances with banks	$ 12,026	$ 9,949
Investment securities	79,068	79,826
Federal funds sold	-	2,300
Net loans	113,408	118,990
Bank premises and equipment, net	3,600	3,656
Other real estate	8,866	7,289
Other assets	4,782	6,034
Total assets	$ 221,752	$ 228,044
Liabilities		
Deposits	$ 203,343	$ 211,010
Federal funds purchased and securities sold under agreements to repurchase	1,700	339
Long-term debt	1,209	1,220
Other liabilities	1,818	1,975
Total liabilities	208,070	214,544
Stockholders' equity		
Common stock, par value $1.00, 4,000,000 shares authorized, 2,638,121 issued and outstanding at March 31, 1992 and December 31, 1991.	2,638	2,638
Additional paid-in capital	11,141	11,141
Accumulated deficit	(97)	(279)
Total stockholders' equity	13,682	13,500
Total liabilities and stockholders' equity	$ 221,752	$ 228,044

See accompanying notes to condensed consolidated financial statements.

Community Bancshares, Inc.
Condensed Consolidated Statements of Operations

	For the Three months ended March 31	
	1992	1991
	(unaudited, 000's omitted, except per share data)	
Interest income:		
Loans	$ 2,685	$ 4,046
Investment securities	1,549	1,357
Other	5	115
Total interest income	4,239	5,518
Interest expense:		
Deposits	2,140	3,401
Short-term borrowings	24	6
Long-term debt	25	32
Total interest expense	2,189	3,439
Net interest income	2,050	2,079
Provision for credit losses	157	400
Net interest income after provision for credit losses	1,893	1,679
Noninterest income	412	382
Noninterest expense	2,123	1,921
Income before income taxes and extraordinary credit	182	140
Income taxes	51	43
Income before extraordinary credit	131	97
Extraordinary credit resulting from previously unrecognized tax benefits	51	-
Net income	$ 182	$ 97
Weighted average shares of common stock outstanding	2,638,121	2,638,121
Net income per share before extraordinary credit	$ 0.05	$ 0.04
Extraordinary credit per share	$ 0.02	$ -
Net income per share	$ 0.07	$ 0.04

See accompanying notes to condensed consolidated financial statements.

Community Bancshares, Inc.
Condensed Consolidated Statements of Cash Flows

	For the three months ended March 31	
	1992	1991
	(000's omitted, unaudited)	
Operating activities:		
Net income	$ 182	$ 97
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	157	400
Provision for depreciation and amortization	102	145
Amortization and accretion of investment securities premiums and discounts, net	94	2
Net decrease in other assets and liabilities	(483)	(77)
Net cash provided by operating activities	52	567
Investing activities:		
Proceeds from maturities of investment securities	2,828	5,928
Purchases of investment securities	(2,164)	(10,741)
Decrease in short-term investments	2,300	4,045
Net decrease in loans	5,425	8,751
Net purchases of premises and equipment	(46)	(63)
Net cash provided by investing activities	8,343	7,920
Financing activities:		
Net decrease in deposits	(7,666)	(11,916)
Net increase in short-term borrowings	1,361	306
Net increase (decrease) in long-term borrowings	(11)	73
Net cash used by financing activities	(6,316)	(11,537)
Increase (decrease) in cash and demand balances with banks	2,079	(3,050)
Cash and demand balances with banks at beginning of period	9,949	15,286
Cash and demand balances with banks at end of period	$ 12,028	$ 12,236

See accompanying notes to condensed consolidated financial statements.

Community Bancshares, Inc.
Notes to Condensed Consolidated Financial Statements
March 31, 1992
(unaudited)

(1) The interim financial statements should be read in conjunction with Community Bancshares, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1991. Accordingly, significant accounting policies and other disclosures normally provided have been omitted since these items are disclosed therein.

The accompanying condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992.

(2) In the normal course of business, the Company is party to various legal actions. In the opinion of management and counsel, the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Community Bancshares, Inc. (the "Company") completed the first quarter of 1992 with $221.8 million in total assets, a decrease of 2.8% from the previous year-end, and $203.3 million in total deposits, a decrease of 3.6% from December 31, 1991.

The Company's earning assets (i.e. investment securities, federal funds sold, and net loans) decreased 4.3% during the first three months of 1992. During 1991, the Company took steps to improve its asset quality including a redeployment of the Company's asset mix. The Company decreased its federal funds sold target and funds dedicated to the loan portfolio, and increased its holdings in high-grade investment securities. At March 31, 1992, the Company's investment and loan portfolios comprised 41.1% and 58.9% of earning assets, respectively, relatively unchanged from December 31, 1991.

The Company has experienced a general decline in deposits since December 31, 1990, when it reached a historic high of $238.5 million. Deposits totalled $203.3 million at March 31, 1992, a decrease of 3.6% from December 31, 1991. Contributing to this decline were several market forces, principally the general decline in interest rates offered by banks for deposits during the 1991 and 1992 which encouraged some depositors to move their funds out of federally insured institutions and into other higher yielding investment opportunities (e.g. mutual funds). There are also indications that with relatively less attractive fixed rate opportunities during 1991 and 1992 compared to previous years, some borrowers elected to accelerate their debt service on funds owed to banks rather than investing those funds in time deposits and other interest bearing accounts. The Company

also continued its attempt to redefine its deposit mix objectives to emphasize attracting less volatile and lower cost consumer deposits and lowered the interest rates on deposits which did not contribute to this objective. As a result, the Company's high yield money market savings account, which experienced steady growth during 1989 and 1990 due to its high interest rate and liquidity feature, declined throughout 1991. This decline in fixed rate time deposits and high yield savings accounts continued during the first three months of 1992. At March 31, 1992, total savings accounts decreased $2.3 million, or 3.6%, from December 31, 1991 and time deposits declined $6.7 million, or 6.8%. The Company's noninterest bearing and interest bearing demand deposit accounts increased 1.8% and 3.6% from December 31, 1991, to March 31, 1992.

At March 31, 1992, short-term borrowings consisted of $1.7 million in federal funds purchased. The Company maintains two $5.0 million secured lines of credit with two correspondent banks in order to facilitate overnight funding requirements. The Company does not actively solicit retail repurchase contract agreements and currently does not have plans to do so in the near term.

Total capital increased $182,000 during the first three months of 1992 as a result of net income from operations. No dividends were declared or paid by the Company during the first three months of 1992. The Company relies on dividends from its wholly-owned bank subsidiary, the Community Bank of Germantown ("Community Bank") in order to fund dividends to its stockholders. During the first quarter of 1991, Community Bank adopted an informal corrective action plan submitted by the Federal Deposit Insurance Corporation (the "FDIC") and the Tennessee Department of Financial Institutions. Among other things this plan requires Community Bank to obtain regulatory approval prior to paying dividends to the Company. During the first quarter of 1992, Community Bank consented to a new informal corrective action plan submitted by the FDIC and the Tennessee Department of Financial Institutions requiring Community Bank to maintain a Tier I

capital to average asset ratio of 5.5% and to continue its efforts related to the 1991 plan. As part of this plan, Community Bank agreed (1) not to declare or pay dividends, that, when combined with all other dividends paid during the year, will exceed 50% of current year earnings, and (2) not to declare or pay any dividend on its Common Stock until the Board of Directors of Community Bank affirmatively determines, as noted in the board minutes, that Community Bank is in full compliance with the 1992 informal corrective action plan. The Company's ability to pay dividends will be influenced by the Community Bank's ability to pay dividends. At March 31, 1992, the Company and Community Bank met all applicable regulatory capital requirements.

RESULTS OF OPERATIONS

The Company reported net income from operations before extraordinary credit of $131,000, or $.05 per common share of stock, during the first three months of 1992, compared to net income of $97,000 , or $.04 per common share of stock, during the first three months of 1991. The Company recognized $51,000, or $.02 per common share of stock, during the first three months of 1992 from the utilization of a federal and state tax net operating loss carryforward.

During 1991 and the first three months of 1992, both the national and local economies were mired in recession. Efforts by the Federal Reserve to stimulate the economy during the twelve month period ended December 31, 1991, resulted in a reduction in short-term interest rates, which was closely followed by a reduction in credit rates. Despite uncertainties in the economy, the prevailing interest rate environment, and continued high levels of nonperforming loans and ORE, the Company was able to increase its net interest margin on a fully tax equivalent basis to 4.05% during the first quarter of 1992, compared to 3.88% during the first quarter of 1991. This increase was primarily attributable to changes in the Company's asset/liability and marketing strategies.

The Company's interest income on earning assets decreased 23.2% during the first quarter of 1992, compared to the corresponding period in 1991, primarily the result of changes in asset mix, and rate and volume decreases in total earning assets outstanding during the first quarter of 1992, compared to the first quarter of 1991. On December 31, 1991, nonperforming loans (i.e. nonaccrual loans, loans past due 90 days and accruing, and restructured loans) totalled $11.2 million. Of this amount $7.2 million were loans on nonaccrual status. On March 31, 1992, nonperforming loans totalled $9.3 million, of which $6.4 million were loans on nonaccrual status. Had these loans been on accrual status throughout the periods, interest income would have increased $59,000 and $100,000 for the first quarters of 1992 and 1991, respectively.

Interest expense declined 36.3%, during the first quarter of 1992, compared to the corresponding period in 1991. The Company attributes the decline in its cost of funds to decreases in deposit volume and lower interest rates associated with the weak economy, and the actions taken by the Federal Reserve to stimulate the economy throughout 1991. The Company currently anticipates that it will benefit from lower cost of funds during 1992 due to repricing opportunities within its time deposit portfolio, continued downward pressure on interest rates associated with a sluggish economy, and strategic changes in deposit mix.

During 1991 and the first three months of 1992, the Company dedicated significant resources, both financial and human, to addressing credit problems. The provision for credit losses decreased $243,000, or 60.8%, during the first quarter of 1992 compared to the first quarter of 1991. Provisions for credit losses during the first quarter of 1992 were primarily required in connection with further deterioration in the condition of previously identified problem credits. At March 31, 1992, the allowance for credit losses represented 50.1% of nonperforming loans and 4.0% of total loans compared to 45.4% of nonperforming loans and 4.1% of

total loans at December 31, 1991.

Noninterest income increased $30,000, or 7.9%, during the first quarter of 1992 compared to the first quarter of 1991, primarily the result of call premiums received during the first quarter of 1992 on two securities previously held in the Company's investment portfolio. Noninterest expense increased $202,000, or 10.5%, during the first quarter of 1992, compared to the corresponding periods in 1991, primarily the result of increased costs of professional fees and other ancillary fees associated with credit problems, costs associated with the maintenance of ORE, and increased deposit insurance premiums. The Company anticipates that it will continue to experience high costs related to servicing problem credits and maintaining ORE in the immediate future. In addition, recent reports on the state of the Bank Insurance Fund lead the Company to anticipate that there may be additional increases in deposit insurance premiums in the future, either through an increase in the assessment rate, periodic special assessments, or a combination thereof.

LIQUIDITY

The Company's cash and demand balances with banks serve as its primary source of liquidity on a daily basis. Excess funds are sold to its two primary correspondent banks at the overnight rate. The Company also maintains two secured overnight lines of credit totalling $5.0 million with two of its correspondent banks. At March 31, 1992, the Company's highest outstanding "purchased" position year-to-date was $5.6 million and its highest outstanding "sold" position was $2.2 million.

The Company's secondary source of liquidity is its investment security portfolio. At the March 31, 1992, approximately 94.5% of the investment security portfolio was comprised of obligations of the U. S. Treasury or its agencies. The remainder of the portfolio was invested in obligations of states or their political subdivisions, and high

grade corporate debentures. Approximately $28.6 million, or 36.2%, of the securities portfolio was pledged as collateral against the Company's two overnight lines of credit with its primary correspondent banks, and deposits of various government entities or their agencies. At March 31, 1992, the Company's investment portfolio had a market value of approximately $80.9 million.

SELECTED STATISTICAL INFORMATION

The following tables and schedules set forth certain selected statistical information relating to the Company's business.

COMPARATIVE AVERAGE BALANCE SHEETS - Yields and Rates

Tax Equivalent Basis)

	March 31, 1992			March 31, 1991		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
			($ in thousands)			
Assets:						
Interest earning assets:						
Loans(2)	$ 124,524	$ 2,685	8.62%	$ 153,696	$ 4,046	10.53%
U S Treasury securities	13,127	238	7.25%	9,008	180	7.99%
Securities of other gov't agencies	62,420	1,223	7.84%	42,567	888	8.34%
Obligations of state and local gov'ts (1)(3)	2,678	79	11.80%	15,959	423	10.60%
Other investments	1,672	36	8.61%	354	9	10.17%
Federal funds sold	485	5	4.12%	7,519	115	6.12%
Total interest earning assets/ interest income	204,906	4,266	8.33%	229,103	5,661	9.88%
Cash and due from banks	10,989			13,869		
Other real estate	6,872			1,895		
Other assets	7,035			6,823		
Allowance for credit losses	(4,926)			(4,509)		
Total assets	$ 224,875			$ 247,080		
Liabilities and stockholders' equity:						
Interest bearing liabilities:						
Interest bearing DDA	$ 21,115	$ 150	2.84%	$ 18,755	$ 230	4.91%
Savings	62,495	566	3.62%	75,435	1,115	5.91%
Time certificates	95,617	1,424	5.96%	108,430	2,056	7.58%
Short-term borrowed funds	2,314	24	4.15%	441	6	5.44%
Other long-term debt	1,240	25	8.06%	1,243	32	10.30%
Total interest bearing liabilities/ interest expense	182,781	2,189	4.79%	204,304	3,439	6.73%
Noninterest bearing demand deposits	26,251			23,715		
Other liabilities	2,202			2,429		
Total liabilities	211,235			230,448		
Stockholders' equity	13,640			16,632		
Total liabilities and stockholders' equity	$ 224,875			$ 247,080		
Net interest earnings		$ 2,077			$ 2,222	
Net interest on earning assets			4.05%			3.88%

(1) The average yield on tax-exempt securities is calculated on a fully tax equivalent basis.
(2) For purposes of thes computations, nonaccrual loans are included in the daily average loans outstanding.
(3) Tax equivalent adjustments are calculated assuming a 34% effective tax rate. These adjustments are $27,000 and $143,000 in 1992 and 1991, respectively.

ANALYSIS OF CHANGES IN EFFECTIVE INTEREST DIFFERENTIAL

The following table presents a summary analysis of changes in interest income, interest expense, and the interest rate differential segregated by the changes in volumes and rates:

	March 31,1992 v. March 31, 1991 Increase (Decrease) Change Due to (1):			March 31,1991 v. March 31, 1990 Increase (Decrease) Change Due to (1):		
	Volume	Rate	Total	Volume	Rate	Total
Increase (decrease) in:						
Loans	$ (697)	$ (664)	$ (1,361)	$ (31)	$ (641)	$ (672)
U.S. treasury securities	76	(18)	58	2	(11)	(9)
Securities of other U. S. government agencies and corporations	392	(57)	335	55	421	476
Obligations of states and political subdivisions (2)	(367)	43	(344)	4	(84)	(80)
Other investments	29	(2)	27	9	-	9
Federal funds sold	(82)	(28)	(110)	19	(87)	(68)
Total interest income	(669)	(726)	(1,395)	58	(402)	(344)
Increase (decrease) in:						
Demand deposits	26	(106)	(80)	18	(8)	10
Savings	(169)	(380)	(549)	149	(146)	3
Time certificates	(224)	(408)	(632)	(15)	(157)	(172)
Short-term borrowed funds	20	(2)	18	(16)	(6)	(22)
Other long-term debt	-	(7)	(7)	15	1	16
Total interest expense	(347)	(903)	(1,250)	151	(316)	(165)
Increase (decrease) in net interest income	$ (322)	$ 177	$ (145)	$ (93)	$ (86)	$ (179)

(1) Increases (decreases) are attributed to volume changes and rate changes on the following basis: Volume Change equals change in volume times prior year rate. Rate Change equals change in rate times prior year volume. The Rate/Volume Change equals the change in volume times the change in rate, and it is allocated between Volume Change and Rate Change at the Ratio that the absolute value of each of these components bears to the absolute value of their total.

(2) Tax equivalent adjustments are calculated assuming a 34% effective tax rate and were $27,000, $143,000, and $171,000 in 1992, 1991, and 1990, respectively.

INVESTMENT PORTFOLIO

The following table shows the year end book value of the investment portfolio at March 31, 1992 and December 31, 1991 ($ in thousands):

	March 31, 1992	December 31, 1991
U.S. treasury obligations	$ 13,117	$ 13,133
Obligations of U.S. government agencies and corporations	43,540	44,541
Obligations of states and political subdivisions	2,651	2,878
Other investments	1,671	1,672
Total	60,979	62,224
Mortgage-backed securities	18,089	17,602
Total investment securities	$ 79,068	$ 79,826

The following table shows the maturities and weighted average yields as of March 31, 1992 for each of the investment categories presented above ($ in thousands):

	Amount	Yield
U. S. treasury obligations:		
1 year or less	$ 2,020	7.19%
1-5 years	11,097	7.31%
6-10 years	-	
After 10 years	-	
Total	$ 13,117	
Obligations of U. S. government agencies and corporations and mortgage-backed securities:		
1 year or less	$ -	
1-5 years	32,288	7.91%
6-10 years	27,952	7.96%
After 10 years	1,389	8.80%
Total	$ 61,629	
Obligations of states and political subdivisions (1):		
1 year or less	$ 25	11.36%
1-5 years	1,587	12.02%
6-10 years	1,039	11.58%
After 10 years	-	
Total	$ 2,651	
Other investments:		
1 year or less	$ -	
1-5 years	740	8.74%
6-10 years	931	8.62%
After 10 years	-	
Total	$ 1,671	

(1) Tax equivalent adjustments are calculated assuming a 34% effective tax rate.

LOAN PORTFOLIO

The following table presents the amount of loans outstanding at the dates indicated according to the loan category:

	March 31, 1992	December 31, 1991
	($ in thousands)	
Real estate loans:		
Construction and land development	$ 15,445	$ 15,972
Secured by residential properties	7,816	8,713
Other real estate loans	27,864	30,463
Loans for purchasing or carrying securities	42	42
Agricultural loans	13	112
Commercial and industrial loans	33,222	35,765
Installment and other consumer loans	35,492	34,454
All other loans	1,598	1,825
Total loans	121,492	127,345
Unearned income	3,404	3,269
Allowance for credit losses	4,680	5,087
Net loans	$ 113,408	$ 118,990

LOAN MATURITY

The following table sets forth maturities of the loan portfolio and the sensitivity to interest rate changes of that portion of the Company's loan portfolio that matures after one year ($ in thousands):

	March 31, 1992			
	Maturity Range			
	One Year or Less	One Through Five Years	Over Five Years	Total
Real estate construction and development loans	$ 13,114	$ 1,426	$ 85	$ 14,625
Commercial and industrial loans	19,765	10,747	2,350	32,862
All other loans	28,577	28,177	13,847	70,601
Total loans	$ 61,456	$ 40,350	$ 16,282	$ 118,088

The sensitivity to interest rate changes of that portion of the Company's loan portfolio that matures after one year as of March 31, 1992, is set forth below ($ in thousands):

Real estate construction and development loans and commercial and industrial loans maturing after one year:	
Fixed rate	$ 5,319
Floating rate	9,289
	14,608
Other loans maturing after one year:	
Fixed rate	22,948
Floating rate	19,076
	42,024
Total loans maturing after one year	$ 56,632

LLOWANCE FOR CREDIT LOSSES

The following table sets forth an allocation of the allowance for credit losses as of the dates indicated. The allowance is an amount that management deems will be adequate to absorb losses inherent in existing loans and commitments to extend credit, based on evaluations of the collectibility and loss experience of loans and commitments to extend credit. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentrations, specific problem loans and commitments and current and anticipated economic conditions that may affect borrowers' ability to pay. Material estimates that are particularly susceptible to significant change in the near term are a necessary part of this process. Future additions to the allowance may be necessary based on changes in economic conditions.

	March 31, 1992		December 31, 1991	
	Allowance for Credit Losses	% of Loans to Total Loans	Allowance for Credit Losses	% of Loans to Total Loans
nalysis of allowance for credit losses:	($ in thousands)			
Construction and land development	$ 526	12.71	$ 514	12.54
Secured by residential properties	739	8.43	796	8.84
Other real estate loans	590	22.94	681	23.92
Loans for purchasing or carrying securities	-	0.03	-	0.03
Agricultural loans	22	0.01	22	0.09
Commercial loans	2,815	27.34	2,624	28.08
Installment and other consumer loans	179	29.21	354	27.08
All other loans	9	1.33	116	1.43
Total allowance for credit losses	$ 4,880	100.00	$ 5,087	100.00

NONPERFORMING LOANS - The following table sets forth information with respect to nonperforming loans of the Company on the dates indicated. Accrual of interest is discontinued when there is reasonable doubt as to the full, timely collection of interest or principal. When a loan becomes contractually past due ninety days with respect to interest or principal, it is reviewed and a determination is made as to whether it should be placed on nonaccrual status. When a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to principal and interest and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest. Restructured loans are those loans on which concessions in terms have been granted because of a borrower's financial difficulty. Interest is generally accrued on such loans in accordance with the new terms.

LOAN PORTFOLIO - Nonperforming Loans

($ in thousands)	Three Months Ended March 31, 1992	Year ended December 31, 1991
Nonaccrual loans	$ 6,390	$ 7,208
Restructured loans	$ 2,360	$ 2,197
Other loans which are past due 90 days or more as to principal or interest payments	$ 581	$ 1,811
Nonperforming loans as a percentage of net loans before allowance for credit losses	7.90 %	9.04 %
Allowance for credit losses as a percentage of nonperforming loans	50.14 %	45.36 %

The reduction of interest income associated with nonaccrual loans for the three months ended March 31, 1992, and the year ended December 31, 1992 was approximately $49,000 and $441,000, respectively.

SUMMARY OF CREDIT LOSS EXPERIENCE

The following table summarizes the credit loss experience for the periods indicated:

	Three Months March 31, 1992	Year Ended December 31, 1991
	($ in thousands)	
Average loans for the period, net	$ 124,524	$ 143,924
Allowance for credit losses, beginning of the period	$ 5,087	$ 4,611
Charge-offs for the period:		
Construction & land development	64	1,000
Secured by residential properties	67	102
Other real estate loans	147	931
Agricultural loans	-	65
Commercial & industrial loans	97	2,573
Consumer loans	245	610
All other loans	116	103
Total charge-offs	736	5,384
Recoveries for the period:		
Construction & land development	56	67
Secured by residential properties	-	45
Other real estate loans	40	45
Agricultural loans	-	2
Commercial & industrial loans	45	182
Consumer loans	24	149
All other loans	7	69
Total recoveries	172	559
Net charge-offs	564	4,825
Provision for credit losses	157	5,301
Allowance for credit losses, end of period	$ 4,680	$ 5,087
Ratio of net charge-offs during the period to average loans outstanding during the period	0.45%	3.35%
Ratio of allowance for credit losses at the end of the period to net loans before the allowance for credit losses at the end of the period	3.96%	4.10%

DEPOSITS

. Deposits represent the primary source of funds for the Company. Other sources include repurchase agreements, federal unds purchased, other borrowed funds, and undistributed earnings from operations. Through asset/liability management, he mix and maturity of the various deposit categories is modified based on existing economic conditions and loan and nvestment policies in an effort to minimize cost, maximize effective interest differential, and maintain desired levels of liquidity.

The following table presents a breakdown by category of the average amount of deposits and the average rate paid on deposits for the periods indicated:

	Three Months Ended March 31, 1992		Year Ended December 31, 1991	
	($ in thousands)			
	Amount	Rate	Amount	Rate
Noninterest bearing demand deposits	$ 26,251		$ 24,186	
Savings deposits	62,495	3.62%	69,798	5.38%
Time deposits	95,617	5.96%	102,763	7.08%
Interest bearing demand deposits	21,115	2.84%	18,908	4.54%
Total deposits	$ 205,478		$ 215,655	

At March 31, 1992, time deposits greater than $100,000 aggregated approximately $24,347,000. The following table indicates, as of March 31, 1992, the dollar amount of time deposits of $100,000 or more by the time remaining until maturity:

	March 31, 1992			
	3 months or less	3 to 6 months	6 to 12 months	Over 12 months
	(in thousands)			
Time certificates	$ 15,275	4,242	2,541	2,288

FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	Three Months Ended March 31, 1992	Year Ended December 31, 1991
	($ in thousands)	
Balance at end of period, maturing in one day or on demand	$ 1,700	$ 339
Average during the period	$ 2,314	$ 2,111
Maximum month end balance	$ 4,291	$ 7,997
Weighted average rate during the period	4.15 %	5.02 %
Rate at end of period	4.00 %	3.00 %

RETURN ON AVERAGE EQUITY, AVERAGE ASSETS, DIVIDEND PAYOUT RATIO AND RATIO OF AVERAGE EQUITY TO AVERAGE ASSETS

Return on average equity, average assets, and the dividend payout ratio are based on net income for the periods indicated and as presented below.

	Three Month Period Ended March 31, 1992	Year Ended December 31, 1991
Return on average equity	5.33%	(20.19%)
Return on average assets	0.32%	(1.27%)
Dividend payout ratio	NM	NM
Average equity to average assets ratio	6.07%	6.30%

NM - Not Meaningful

OTHER BORROWED FUNDS

At March 31, 1992, and December 31, 1991, other borrowed funds consist of two obligations under capital lease totalling approximately $570,000 and a payable to bank with interest at prime secured by a deed of trust on commercial building. Principal payments of $5,000 plus interest are due in quarterly installments during 1992, with a final principal payment of approximately $631,000 due December 1, 1992.

INTEREST RATE SENSITIVITY

The interest sensitivity gap is the difference between interest sensitive assets and interest sensitive liabilities in a given time period. A prime objective of asset/liability management is to maximize net interest margin while maintaining a reasonable mix of interest sensitive assets and liabilities. The Company's objective of asset/liability management is to maintain an essentially balanced interest rate sensitivity position within six month periods. The following table sets forth the maturity or repricing dates of interest sensitive assets and liabilities:

	March 31, 1992					
	0 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total
	(in thousands)					
Interest earning assets:						
Federal funds sold	$ -	$ -	$ -	$ -	$ -	$ -
Investment securities	862	2,129	6,026	52,424	17,627	79,068
Loans (1)	86,418	4,801	8,196	19,718	2,359	121,492
Total interest earning assets	87,280	6,930	14,222	72,142	19,986	200,560
Interest bearing liabilities:						
Interest bearing deposits and savings	47,015	-	-	35,957	-	82,972
Time deposits	36,831	24,754	16,678	13,593	990	92,846
Federal funds purchased	1,700	-	-	-	-	1,700
Total interest bearing liabilities	$ 85,546	$ 24,754	$ 16,678	$ 49,550	$ 990	$ 177,518
Interest sensitivity "gap"	$ 1,734	$ (17,824)	$ (2,456)	$ 22,592	$ 18,996	$ 23,042
Cumulative interest sensitivity "gap"	$ 1,734	$ (16,090)	$ (18,546)	$ 4,046	$ 23,042	

(1) Loans are presented gross of unearned discount of approximately $3,404,000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMUNITY BANCSHARES, INC.

Date May 12, 1992

John D. Ferguson,
Chairman of the Board of Directors and
Chief Executive Officer

Date MAY 12, 1992

Charles E. Dickey
Senior Vice President and
Chief Financial Officer